

**VILLAGE OF AKRON
AKRON, MICHIGAN**

**FINANCIAL REPORT
MARCH 31, 2006**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Village of Akron	County Tuscola
Fiscal Year End March 31, 2006	Opinion Date July 6, 2006	Date Audit Report Submitted to State August 15, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

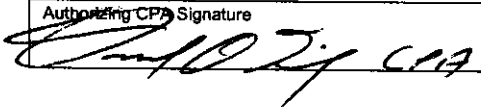
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Weinlander Fitzhugh		Telephone Number 989-893-5577	
Street Address 1600 Center Ave.		City Bay City	State MI
Zip 48707		License Number 1101015265	
Authorizing CPA Signature 		Printed Name David D. Quimby	

VILLAGE OF AKRON, MICHIGAN

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WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

INDEPENDENT AUDITORS' REPORT

July 6, 2006

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To the Honorable Village Council
Village of Akron
Akron, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Akron, Akron, Michigan as of March 31, 2006, and for the year then ended, which collectively comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village of Akron's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Akron as of March 31, 2006, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information, as noted in the table of contents, is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Village of Akron presents to readers of the Village's financial statements this narrative financial information. It contains an objective overview and analysis of the financial position of the Village as of and for the year ended March 31, 2006. As management of the Village, we encourage readers to consider information contained in this discussion and the Village's financial statements, which follows this section.

Financial Highlights

- The Village's assets exceeded its liabilities at the end of the fiscal year by \$2,080,785.
- Net assets decreased slightly by a total of \$12,495, or by approximately .6% of last years total net assets of \$2,100,170.
- The fund balance of the Village's General Fund decreased by \$20,086. The fund balance for the other Governmental Funds (Major Street, Local Street, Police, and Fire Funds) increased by \$16,251.

Financial Statements Overview

This Management Discussion and Analysis serves to introduce to the reader of the Village of Akron's essential financial statements. These financial statements consist of three components as follows:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The above financial information will provide the reader with a general understanding of the Village's current financial condition. Also, this report contains supplementary information in addition to the basic financial statements which provides a more detailed understanding of the Village's finances.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, similar to private sector businesses.

The **Statement of Net Assets** presents information on all of the assets and liabilities of the Village, with the difference between the two identified as net assets. Over a given period of time increases or decreases in net assets can serve as a useful indicator of improving or declining financial position of the Village.

The **Statement of Activities** show changes in net assets that occurred during the most recent fiscal year. These changes were recorded on an accrual basis, which distinguishes between the time when a financial transaction occurs and when payment is actually made. An example of accrual accounting is when debt interest payments are scheduled between the fiscal year end. The Statement of Activities will show additional interest expense for the time period between the last interest payment and the end of the fiscal year as an accrual.

The Government-wide Financial Statement, in addition to the Statement of Activities, is broken down into two Activities; Governmental Activities and Business-Type Activities. Governmental activities are primarily supported through tax and intergovernmental revenue. Business-type activities are primarily supported through user fees and charges.

(Continued)

Governmental activities for the Village of Akron include general governmental functions, such as Administration, Village Buildings and Grounds (General government); Police and Fire (Public safety); Major Street, Local Street, Local Street Improvement, Public Works and Park (Highways and public improvements). Business-type activities include the Sewer and Water systems.

Fund Financial Statements

A fund is a set of closely related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The Village of Akron uses fund accounting to demonstrate compliance with legal financial requirements, like all state and local governments. All Village Funds can be categorized as either governmental or proprietary funds.

Governmental Funds account for essentially the same activities as the Governmental Activities in the Government-wide financial statements, but with a narrower focus. Governmental Funds concentrate on near-term inflows and outflows of financial resources and the balances of spendable resources available to the government at the end of the fiscal year. This information can be useful in evaluating the government's short-term financing requirements.

Comparing similar information presented in the Government-wide statements for the Governmental Activities with that presented in Governmental Funds statements can provide useful information because the different focus to the two approaches. With the long-term focus of the Government-wide statements, a reader may be able to better understand the long-term effects of the near term financing decisions. To aid in the comparison, both the Governmental Fund balance sheet and the Governmental Fund statement of revenues, expenditures and changes in fund balance show reconciliation between the Governmental Funds statements to the Governmental Activities in the Government-wide statements.

The Village of Akron uses five different individual Governmental Funds. The Village considers all the funds to be major funds of the Village of Akron. The funds are presented separately in the Fund Financial Statements. The Village adopts an annual appropriated budget for all its Governmental Funds.

The basic governmental fund financial statements can be found as listed in the table of contents.

Proprietary Funds include enterprise funds and an internal service fund. Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services. The Internal Service Fund is used to report activities that provide goods or services to other funds or departments of the Village.

The Enterprise Funds maintained by the Village of Akron include the Sewer fund and the Water fund. The Village uses the Internal Service Fund to account for vehicles, and equipment activities. Because they charge fees and charges to outside users of their systems, the Enterprise Funds are included in the Business-type Activities column of the government-wide financial statements. The Internal Service Fund, which accounts for equipment and vehicle that support the Village functions, is included under the Governmental Activities column.

Proprietary Funds present the same information as in government-wide statements, except in more detail. The fund statements for proprietary funds provide separate information for the Sewer fund and Water fund which are considered to be major funds of the Village of Akron.

The basic proprietary fund financial statements can be found as listed in the table of contents.
(Continued)

Notes to the Financial Statements contain additional financial information to give the reader a complete understanding of the information contained in the government-wide and fund financial statements. Although these Notes provide detailed explanation and information related to the financial statements, this information is typically easy for the reader to follow. Notes to the Financial Statements are located after the financial statements as listed in the table of contents.

Other Information

The combining and individual fund statements and schedules are presented as additional information as listed in the table of contents.

Government-wide Financial Analysis

VILLAGE OF AKRON'S NET ASSETS

	Governmental Activities	Business-Type Activities	March 31, 2006 Total	March 31, 2005 Total
Current assets	\$568,721	\$ 153,137	\$ 721,858	\$ 694,217
Capital assets	145,790	1,239,115	1,384,905	1,454,704
Restricted and other assets		63,872	63,872	62,770
Total assets	<u>\$714,511</u>	<u>\$1,456,124</u>	<u>\$2,170,635</u>	<u>\$2,211,691</u>
Current liabilities	\$ 5,642	\$ 13,055	\$ 18,697	\$ 17,834
Noncurrent liabilities	<u>16,044</u>	<u>55,109</u>	<u>71,153</u>	<u>93,687</u>
Total liabilities	<u>\$ 21,686</u>	<u>\$ 68,164</u>	<u>\$ 89,850</u>	<u>\$ 111,521</u>
Net assets:				
Invested in capital assets, net of related debt	\$129,746	\$1,177,294	\$1,307,040	\$1,354,576
Restricted		63,872	63,872	62,770
Unrestricted	<u>563,079</u>	<u>146,794</u>	<u>709,873</u>	<u>682,824</u>
Total net assets	<u>\$692,825</u>	<u>\$1,387,960</u>	<u>\$2,080,785</u>	<u>\$2,100,170</u>

As shown in the Statement of Net Assets provided, the largest portion, by far of the Net Assets of the Village of Akron is its investment in capital assets. The Village of Akron uses these capital assets to provide essential services to citizens who live, work or visit the Village. These assets, by design, are not available for future spending. Additionally, even though these capital assets are reported net of any related debt, resources needed to repay this debt must come from other sources, as these assets cannot be used to satisfy their related obligations.

Activities, Governmental and Business-Type

Net assets of Governmental Activities increased by \$24,390 for the year ended March 31, 2006. This is approximately a 3.6% change from beginning net assets. The increase is due to capitalization of capital assets.

Net assets of Business-type Activities decreased by \$36,885 for the year ended March 31, 2006. The amount of change is approximately 2.6% of beginning net assets.

(Continued)

VILLAGE OF AKRON'S CHANGES IN NET ASSETS

			For the year ended	
			March 31,	March 31,
	Governmental	Business-Type	2006	2005
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
Revenues:				
Program revenues:				
Charges for services	\$114,957	\$ 63,091	\$ 178,048	\$193,640
General revenues:				
Property taxes	68,778	12,653	81,431	78,029
State shared revenue	90,809		90,809	106,096
Unrestricted investment earnings	9,628	3,765	13,393	6,450
Miscellaneous	<u>20,867</u>	<u>1,167</u>	<u>22,034</u>	<u>22,661</u>
Total revenue	<u>305,039</u>	<u>80,676</u>	<u>385,715</u>	<u>406,876</u>
Expenses:				
General government	57,879		57,879	48,061
Public safety	121,929		121,929	123,943
Highways and public improvements	80,700		80,700	78,968
Sanitation	20,141		20,141	19,798
Sewer		70,396	70,396	78,962
Water		<u>47,165</u>	<u>47,165</u>	<u>43,984</u>
Total expenses	<u>280,649</u>	<u>117,561</u>	<u>398,210</u>	<u>393,716</u>
Change in net assets	<u>24,390</u>	<u>(36,885)</u>	<u>(12,495)</u>	<u>13,160</u>
Net assets – Beginning	675,325	1,424,845	2,100,170	2,078,010
Prior period adjustment	<u>(6,890)</u>		<u>(6,890)</u>	
Net assets - Ending	<u>\$692,825</u>	<u>\$1,387,960</u>	<u>\$2,080,785</u>	<u>\$2,100,170</u>

Financial Analysis of Village of Akron's Funds

The Village of Akron's governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available resources and the unreserved portion of this total is a measure of the available spendable resources as of March 31, 2006.

Capital Assets

The Village of Akron's investment, net of related debt, in capital assets for its governmental and business-type activities combined totaled \$1,307,040. The types of assets in this category are land, buildings, machinery and equipment, park and recreation equipment, water system and sewer collection system. The Village's investment in capital assets equals over sixty-two percent (62%) of total net assets.

(Continued)

VILLAGE OF AKRON'S CAPITAL ASSETS
March 31, 2006

	Governmental <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>
Land	\$ 2,000	\$ 83,034	\$ 85,034
Buildings	123,933		123,933
Equipment	511,886		511,886
Infrastructure	16,650		16,650
Sewer system		1,847,988	1,847,988
Water system		466,617	466,617
Accumulated depreciation	(508,697)	(1,158,524)	(1,667,203)
Net book value	<u>\$145,790</u>	<u>\$1,239,115</u>	<u>\$1,384,905</u>

The Village of Akron's debt consists of a note payable for a fire apparatus due May 15, 2006 in the amount of \$16,044 and a note payable to help finance construction of a new well due November 1, 2013 in the amount of \$61,821.

Economic Factors and Future Budget Issues

For the past several years the Village revenues have remained nearly the same or decreased; while most of the expenses have increased. The Village continues to have property changes but with little change in property values. The Village also relies on 30 to 40% of its General Fund revenue from state revenue sharing from the State of Michigan. With the state making budget cuts to revenue sharing it makes it difficult to stay within the adopted budget without having to make budgetary amendments.

This year the Village divided its tangible assets and its liquid equity from the Police Department Fund between the three entities that made it up. The division went to the Village of Fairgrove, the Township of Fairgrove, and the Village of Akron. We are now proceeding to run our Police Department at a part-time status and are contracting with the Township of Fairgrove to make this possible.

The Village is constantly looking at ways to improve the service to the residents of the Village while staying within the parameters of the adopted budget.

The sanitary sewer fund is improving its monetary status. The Sewer system may be in need of major repairs or replacements of components in the near future. The Village has increased sewer rates to the Village residents in order to help finance future improvements. The Village is making special allotments each fiscal year, planning for future improvements.

Requests for Information

This financial report is designed to give the reader a basic understanding of the Village of Akron's finances. Any questions or requests for financial information contained in this report may be obtained by contacting the Village Clerk, Village of Akron, 4380 Beach Street, Akron, Michigan 48701.

BASIC FINANCIAL STATEMENTS

VILLAGE OF AKRON, MICHIGAN

STATEMENT OF NET ASSETS MARCH 31, 2006

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 553,001	\$ 132,418	\$ 685,419
Accounts receivable	21,593	16,283	37,876
Less allowance for doubtful accounts	(3,012)		(3,012)
Accrued interest receivable	1,260	315	1,575
Internal balances	(4,121)	4,121	-
Nondepreciated capital assets	2,000	83,034	85,034
Capital assets	652,469	2,314,605	2,967,074
Less accumulated depreciation	(508,679)	(1,158,524)	(1,667,203)
Restricted assets:			
Cash - Capital improvements		63,872	63,872
TOTAL ASSETS	<u>\$ 714,511</u>	<u>\$ 1,456,124</u>	<u>\$ 2,170,635</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 5,642	\$ 5,259	\$ 10,901
Accrued interest payable		1,084	1,084
Note payable - Fire apparatus	16,044		16,044
Note payable - water well		61,821	61,821
Total liabilities	<u>21,686</u>	<u>68,164</u>	<u>89,850</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	129,746	1,177,294	1,307,040
Restricted for:			
Capital improvements		63,872	63,872
Unrestricted	563,079	146,794	709,873
Total net assets	<u>\$ 692,825</u>	<u>\$ 1,387,960</u>	<u>\$ 2,080,785</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF AKRON, MICHIGAN

STATEMENT OF ACTIVITIES
MARCH 31, 2006

		<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS</u>	
		<u>CHARGES FOR</u>	<u>OPERATING</u>	<u>GOVERNMENTAL</u>	<u>BUSINESS-TYPE</u>
	<u>EXPENSES</u>	<u>SERVICES</u>	<u>GRANTS AND</u>	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>
			<u>CONTRIBUTIONS</u>		<u>TOTALS</u>
<u>Governmental activities</u>					
General government	\$ 57,879	\$ 90,807		\$ (57,879)	\$ (57,879)
Public safety	121,929			(31,122)	(31,122)
Highways and public improvements	80,700			(80,700)	(80,700)
Sanitation	20,141	24,150		4,009	4,009
<u>Total governmental activities</u>	<u>280,649</u>	<u>114,957</u>	<u>-</u>	<u>(165,692)</u>	<u>(165,692)</u>
<u>Business Type Activities</u>					
Water	47,165	36,821			
Sewer	70,396	26,270		\$ (10,344)	(10,344)
<u>Total business-type activities</u>	<u>117,561</u>	<u>63,091</u>	<u>-</u>	<u>(44,126)</u>	<u>(44,126)</u>
<u>Total Government</u>	<u>\$ 398,210</u>	<u>\$ 178,048</u>	<u>\$ -</u>	<u>(165,692)</u>	<u>(220,162)</u>
General Revenue					
Property taxes				68,778	12,653
State shared revenues				90,809	90,809
Unrestricted investment earnings				9,628	3,765
Miscellaneous				20,867	1,167
<u>Total general revenues</u>				<u>190,082</u>	<u>207,667</u>
Change in net assets				24,390	(12,495)
<u>Net assets - beginning</u>				<u>675,325</u>	<u>2,100,170</u>
<u>Prior period adjustment</u>				<u>(6,890)</u>	<u>(6,890)</u>
<u>Net assets - ending</u>				<u>\$ 692,825</u>	<u>\$ 2,080,785</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF AKRON, MICHIGAN
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2006

	<u>GENERAL</u>	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>POLICE</u>	<u>FIRE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>						
Cash	\$ 98,289	\$ 242,294	\$ 111,469	\$ 3,489	\$ 51,258	\$ 506,799
Accounts receivable	10,867	5,517	1,797		3,412	21,593
Less: Allowance for doubtful accounts					(3,012)	(3,012)
Accrued interest receivable		945	315			1,260
TOTAL ASSETS	<u>\$ 109,156</u>	<u>\$ 248,756</u>	<u>\$ 113,581</u>	<u>\$ 3,489</u>	<u>\$ 51,658</u>	<u>\$ 526,640</u>
<u>LIABILITIES AND FUND EQUITY</u>						
Liabilities:						
Accounts payable	\$ 4,941	\$ 10	\$ 7	\$ 430	\$ 231	\$ 5,619
Total liabilities	<u>4,941</u>	<u>10</u>	<u>7</u>	<u>430</u>	<u>231</u>	<u>5,619</u>
Fund equity:						
Fund balance						
Unrestricted	104,215	248,746	113,574	3,059	51,427	521,021
Total fund equity	<u>104,215</u>	<u>248,746</u>	<u>113,574</u>	<u>3,059</u>	<u>51,427</u>	<u>521,021</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 109,156</u>	<u>\$ 248,756</u>	<u>\$ 113,581</u>	<u>\$ 3,489</u>	<u>\$ 51,658</u>	<u>\$ 526,640</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF AKRON, MICHIGAN

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO GOVERNMENTAL ACTIVITIES NET ASSETS**

MARCH 31, 2006

Total governmental fund balances \$ 521,021

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore, are not reported in the funds. The cost of the assets is
\$654,469 less the accumulated depreciation of \$508,679 145,790

Internal service fund is not included in the governmental funds. 42,059

Long-term liabilities, including notes payable are not due and payable
in the current period and, therefore, are not reported in the funds. (16,044)

Net assets - governmental activities \$ 692,825

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF AKRON, MICHIGAN

**STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>GENERAL</u>	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>POLICE</u>	<u>FIRE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUE:						
Taxes	\$ 68,778					\$ 68,778
Intergovernmental	50,911	\$ 30,094	\$ 9,804			90,809
Charges for services	24,150					24,150
Protection				\$ 35,227	\$ 55,580	90,807
Miscellaneous	16,905	4,344	1,948	3,196	3,492	29,885
TOTAL REVENUE	<u>160,744</u>	<u>34,438</u>	<u>11,752</u>	<u>38,423</u>	<u>59,072</u>	<u>304,429</u>
EXPENDITURES:						
Administration	37,122					37,122
Streets		9,304	21,979			31,283
Buildings and grounds	13,542					13,542
Public safety	31,743			51,335	44,816	127,894
Public works	48,588					48,588
Park department	26,319					26,319
Sanitation	20,141					20,141
Capital outlay	3,375					3,375
TOTAL EXPENDITURES	<u>180,830</u>	<u>9,304</u>	<u>21,979</u>	<u>51,335</u>	<u>44,816</u>	<u>308,264</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(20,086)</u>	<u>25,134</u>	<u>(10,227)</u>	<u>(12,912)</u>	<u>14,256</u>	<u>(3,835)</u>
OTHER FINANCING SOURCES (USES):						
Operating transfer in			7,523			7,523
Operating transfer out		(7,523)				(7,523)
TOTAL OTHER FINANCING SOURCES (USES)		<u>(7,523)</u>	<u>7,523</u>			<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(20,086)</u>	<u>17,611</u>	<u>(2,704)</u>	<u>(12,912)</u>	<u>14,256</u>	<u>(3,835)</u>
FUND BALANCE - APRIL 1	124,301	231,135	116,278	15,971	37,171	524,856
FUND BALANCE - MARCH 31	<u>\$ 104,215</u>	<u>\$ 248,746</u>	<u>\$ 113,574</u>	<u>\$ 3,059</u>	<u>\$ 51,427</u>	<u>\$ 521,021</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF AKRON, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
MARCH 31, 2006**

Net change in fund balances - governmental funds \$ (3,835)

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities, assets with an initial individual cost of more than
\$1,000 are capitalized and the cost is allocated over their estimated useful
lives and reported as depreciation expense. This is the amount by which
depreciation exceeded capital outlays in the current period.

Capital outlays	30,885	
Depreciation expense	<u>(30,391)</u>	494

Fire apparatus repayments affect long-term liabilities in the
Statement of Net Assets and does not affect the *Statements of Activities*. 15,821

The net revenue (loss) of certain activities of internal service fund is reported
with governmental activities. 11,910

Change in net assets of governmental activities \$ 24,390

VILLAGE OF AKRON, MICHIGAN

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
MARCH 31, 2006**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
	<u>SEWER</u>	<u>WATER</u>	<u>TOTALS</u>	
<u>ASSETS</u>				
Current assets:				
Cash	\$ 21,619	\$ 110,799	\$ 132,418	\$ 46,202
Accounts receivable	6,935	9,348	16,283	
Accrued interest receivable	-	315	315	
Total current assets	<u>28,554</u>	<u>120,462</u>	<u>149,016</u>	<u>46,202</u>
Noncurrent:				
Capital assets	1,929,754	467,885	2,397,639	114,211
Less accumulated depreciation	<u>(922,713)</u>	<u>(235,811)</u>	<u>(1,158,524)</u>	<u>(78,350)</u>
Total noncurrent assets	<u>1,007,041</u>	<u>232,074</u>	<u>1,239,115</u>	<u>35,861</u>
Other assets:				
Cash-Capital improvements	63,872		63,872	
TOTAL ASSETS	<u>\$ 1,099,467</u>	<u>\$ 352,536</u>	<u>\$ 1,452,003</u>	<u>\$ 82,063</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 4,551	\$ 708	\$ 5,259	\$ 22
Current portion of loan		6,712	6,712	
Accrued interest payable		<u>1,084</u>	<u>1,084</u>	
Total current	<u>4,551</u>	<u>8,504</u>	<u>13,055</u>	<u>22</u>
Noncurrent:				
Loan payable		55,109	55,109	
Total liabilities	<u>4,551</u>	<u>63,613</u>	<u>68,164</u>	<u>22</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	1,007,041	170,253	1,177,294	35,861
Restricted for:				
Capital improvements	63,872		63,872	
Unrestricted	<u>24,003</u>	<u>118,670</u>	<u>142,673</u>	<u>46,180</u>
Total net assets	<u>\$ 1,094,916</u>	<u>\$ 288,923</u>	<u>1,383,839</u>	<u>\$ 82,041</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds			4,121	
Net assets of business-type activities			<u>\$ 1,387,960</u>	

The accompanying notes are an integral part of the financial statements.

VILLAGE OF AKRON, MICHIGAN

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - PROPRIETARY FUNDS
YEAR ENDED MARCH 31, 2006**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
	<u>SEWER</u>	<u>WATER</u>	<u>TOTALS</u>	
OPERATING REVENUE:				
Charges for services	\$ 26,750	\$ 37,508	\$ 64,258	\$ 36,726
Property taxes		12,653	12,653	
TOTAL OPERATING REVENUE	<u>26,750</u>	<u>50,161</u>	<u>76,911</u>	<u>36,726</u>
OPERATING EXPENSES:				
Salaries	6,323	5,596	11,919	1,741
Employee benefits	3,839	3,405	7,244	1,136
Office supplies	125	1,690	1,815	-
Operating supplies	109	461	570	3,437
Administrative fee		90	90	1,037
Contracted services	799	2,555	3,354	-
Professional fees	1,673	1,521	3,194	761
Insurance	250	695	945	2,902
Utilities	2,823	6,759	9,582	
Repairs and maintenance	2,938	2,503	5,441	1,301
Operations board expense	11,000		11,000	
Equipment rental	4,047	3,977	8,024	
Depreciation	38,063	16,675	54,738	9,952
TOTAL OPERATING EXPENSES	<u>71,989</u>	<u>45,927</u>	<u>117,916</u>	<u>22,267</u>
OPERATING INCOME (LOSS)	<u>(45,239)</u>	<u>4,234</u>	<u>(41,005)</u>	<u>14,459</u>
NONOPERATING REVENUE (EXPENSES):				
Interest on investments	1,874	1,891	3,765	610
Interest expense		(2,804)	(2,804)	
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>1,874</u>	<u>(913)</u>	<u>961</u>	<u>610</u>
CHANGE IN NET ASSETS	<u>(43,365)</u>	<u>3,321</u>	<u>(40,044)</u>	<u>15,069</u>
TOTAL NET ASSETS - BEGINNING	1,138,281	285,602		66,972
TOTAL NET ASSETS - ENDING	<u>\$ 1,094,916</u>	<u>\$ 288,923</u>		<u>\$ 82,041</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds			<u>3,159</u>	
Changes in net assets of business-type activities			<u>\$ (36,885)</u>	

The accompanying notes are an integral part of the financial statements.

VILLAGE OF AKRON, MICHIGAN

**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
YEAR ENDED MARCH 31, 2006**

	<u>SEWER</u>	<u>WATER</u>	<u>TOTAL</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 27,415	\$ 38,973	\$ 66,388	
Property taxes collected		12,653	12,653	
Receipts from interfund services				\$ 36,726
Payments to suppliers of goods and services	(18,418)	(16,630)	(35,048)	(9,975)
Payments to interfund services	(4,047)	(3,977)	(8,024)	
Payments to employees	(6,323)	(5,596)	(11,919)	(1,741)
Payments for fringe benefits	(3,839)	(3,405)	(7,244)	(1,136)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(5,212)</u>	<u>22,018</u>	<u>16,806</u>	<u>23,874</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on note		(6,441)	(6,441)	
Interest paid on note		(2,916)	(2,916)	
Fixed asset additions				(1,287)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		<u>(9,357)</u>	<u>(9,357)</u>	<u>(1,287)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	1,874	1,576	3,450	610
NET INCREASE (DECREASE) IN CASH	<u>(3,338)</u>	<u>14,237</u>	<u>10,899</u>	<u>23,197</u>
CASH AND RESTRICTED CASH - APRIL 1	<u>88,829</u>	<u>96,562</u>	<u>185,391</u>	<u>23,005</u>
CASH AND RESTRICTED CASH - MARCH 31	<u>\$ 85,491</u>	<u>\$ 110,799</u>	<u>\$ 196,290</u>	<u>\$ 46,202</u>
Cash Reconciliation:				
Cash in bank	\$ 21,619	\$ 110,799	\$ 132,418	\$ 46,202
Restricted cash-Capital improvements	63,872		63,872	
Total	<u>\$ 85,491</u>	<u>\$ 110,799</u>	<u>\$ 196,290</u>	<u>\$ 46,202</u>

(Continued)

VILLAGE OF AKRON, MICHIGAN

**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
YEAR ENDED MARCH 31, 2006**

	<u>SEWER</u>	<u>WATER</u>	<u>TOTAL</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (45,239)	\$ 4,235	\$ (41,004)	\$ 14,459
Adjustments to reconcile operating income (loss) to net cash provided by operating activities-				
Depreciation	38,063	16,675	54,738	9,952
Change in assets and liabilities:				
Decrease in accounts receivable	666	1,465	2,131	
(Decrease) Increase in accounts payable	1,298	(356)	942	(537)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (5,212)</u>	<u>\$ 22,019</u>	<u>\$ 16,807</u>	<u>\$ 23,874</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF AKRON, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Village's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The accounting policies of the Village conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the Village are discussed below.

Reporting Entity

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB 14 pronouncement. The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Village's reporting entity.

Excluded from the reporting entity:

Akron-Fairgrove School District - This potential component unit has a separate elected board and provides services to local residents of the Akron and Fairgrove, Michigan area. The Village does not have the ability to exercise influence or control over its daily operations, approve budgets or provide funding.

Board of Operations Akron-Fairgrove Wastewater - The Village of Akron and the Village of Fairgrove jointly appoint the board members of the Board of Operations. The Board of Operations is a separate reporting entity with a separate financial statement issued annually. Although the Board of Operations is not considered a component unit, it is considered a jointly governed organization by the Village of Akron and the Village of Fairgrove. The Board operates a raw sewage treatment facility (lagoon) for the Village of Akron and the Village of Fairgrove. The Board of Operations generates revenue by monthly user fees based on gallons pumped by the two Villages. The Village of Akron user fees amounted to \$11,000 the fiscal year ended March 31, 2006. The Villages do not have the ability to exercise influence or control over its daily operations. The related party payable for the fiscal year ended March 31, 2006 is \$4,109 and is included in the Sewer Funds Accounts Payable.

Government Wide and Fund Financial Statements:

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's public safety and general administrative services are classified as governmental activities. The Village sewer system and water system are classified as business-type activities.

(CONTINUED)

VILLAGE OF AKRON, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Government Wide and Fund Financial Statements: (Continued)

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Village are reported as a reduction of the related liability, rather than as an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

State revenue sharing, charges for services, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the Village.

(CONTINUED)

VILLAGE OF AKRON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The Village reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Major Street Fund and the Local Street Fund are special revenue funds used to account for revenue from state revenue sharing. The Fire Fund is a special revenue fund used to account for revenue from charges for service for fire protection. The Police Fund is a special revenue fund used to account for revenue from charges for service for police protection.

The Village reports the following major proprietary funds:

The Sewer Fund is used to account for the sewer operations in the Village and the Water Fund provides water to residents of the Village.

Additionally, the Village reports the following nonmajor fund type:

Internal Service Funds (Equipment Rental Fund) - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Village, or to other governments, on a cost-reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the utility enterprise funds and the Village's internal service fund are charges to customers for use of the system. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting:

The Village Council follows these procedures in establishing the budgetary data reflected in the financial statements:

(CONTINUED)

VILLAGE OF AKRON, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Budgets and Budgetary Accounting: (Continued)

1. In accordance with the Village charter, prior to March 1, the Village Clerk submits to the Village Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. The Village submits the budget in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to March 31 the budget is legally enacted through passage of a resolution.
4. The Village Clerk presents a monthly report to the Village Council explaining any variance from the approved budget.
5. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse at the end of each fiscal year.
8. The Village Council may authorize supplemental appropriations during the year. Budget amendments are approved at monthly council meetings. The Village Council did approve amendments to the adopted budget for the fiscal year ended March 31, 2006.

During the year ended March 31, 2006, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>GENERAL FUND</u>			
Buildings and grounds	\$12,655	\$13,542	\$887

Cash and Cash Equivalents:

Cash and cash equivalents of the Village include cash on hand and all deposits with financial institutions, including all certificates of deposits.

Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Other receivables at March 31, 2006 consist of billings for user charged services, including utility services.

Property Taxes:

Property taxes attach as an enforceable lien on property as of December 31. Village taxes are levied on the following July 1 and are payable without penalty through September 1. The Village bills and collects its own property taxes. Village property tax revenue is recognized as revenue in the fiscal year levied to the extent that they are measurable and available in accordance with NCGA interpretation 3 (Revenue Recognition - Property Taxes).

(CONTINUED)

VILLAGE OF AKRON, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 to 50
Office equipment	5 to 7
Machinery and equipment	5 to 7
Vehicles	5
Improvements other than buildings	15 to 20
Sewer collection and water system	10 to 50

Depreciation of capital assets used by governmental funds is charged as an expense against their operations on the Statement of Activities. Accumulated depreciation is reported on the governmental fund Statement of Net Assets. Depreciation expense for the year ended March 31, 2006, was \$40,343. Capital asset acquisitions in the governmental funds totaled \$30,885 for the year ended March 31, 2006. Capital asset disposals totaled \$15,310 for the year ended March 31, 2006. A summary of Governmental Fund Capital assets at March 31, 2006, follows:

	<u>March 31,</u>	
	<u>2006</u>	<u>2005</u>
Land	\$ 2,000	2,000
Buildings	123,933	121,133
Equipment	397,675	401,550
Infrastructure	16,650	
Internal Service Fund assets	114,211	114,315
Total capital assets	654,469	638,998
Less accumulated depreciation	(508,679)	(478,147)
Net Governmental Fund Capital Assets	\$ 145,790	\$ 160,851

(CONTINUED)

VILLAGE OF AKRON, MICHIGAN

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Capital Assets: (Continued)

Depreciation of capital assets used by business-type funds is charged as an expense against their operations. Accumulated depreciation is reported on business-type fund balance sheets. Depreciation expense for the year ended March 31, 2006, was \$54,738. There were no capital asset acquisitions or disposals in the business-type funds for the year ended March 31, 2006. A summary of Business-Type Fund capital assets at March 31, 2006, follows:

	March 31,	
	<u>2006</u>	<u>2005</u>
Land	\$ 83,034	\$ 83,034
Water system	466,617	466,617
Sewer system	<u>1,847,988</u>	<u>1,847,988</u>
Total capital assets	2,397,639	2,397,639
Less accumulated depreciation	<u>(1,158,524)</u>	<u>(1,103,786)</u>
Net Business Type Capital Assets	\$ <u>1,239,115</u>	\$ <u>1,293,853</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 7,215
Public safety	20,717
Highways and public improvement	2,459
Equipment rental service	9,952
Total depreciation expense -	
governmental activities	<u>\$40,343</u>
Business-type activities:	
Utility service	<u>\$54,738</u>

Long-term Debt:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

VILLAGE OF AKRON, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Compensated Absences:

The Village of Akron employees are allowed to accumulate a maximum of sixty days of sick leave. In the event of death, termination of employment or retirement of an employee, sick leave accumulation is paid to the employee at one-half his current rate of pay. There is no accumulation of unused vacation days allowed. The compensated absences accrual for the year ended March 31, 2006 is insignificant and not reported in governmental funds or government-wide statements.

Use of Estimates:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statement. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - CASH DEPOSITS:

Michigan Compiled Laws Section 129.91, authorizes the Village to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Village's deposits are in accordance with statutory authority. The Village has authorized management to deposit and invest in the accounts of federally insured banks and savings and loan associations within the State of Michigan and bonds, securities and other obligations of the United States, or any agency of the United States in which the principal and interest is fully guaranteed by the United States. The Village's deposits and investments are within the authorization as set forth by the Village of Akron. The Village's investment policy does not identify interest rate risk, foreign currency risk or concentration credit risk.

The carrying amount of cash and deposits with financial institutions of the Village of Akron amounted to \$749,290 at March 31, 2006. Of the deposits, \$63,872 is restricted for capital improvements. The total bank balance as of the same date was \$756,995. Deposits with financial institutions are categorized as follows:

Amount insured by the FDIC	\$200,000
Amount insured by the NCUA	63,872
Uncollateralized	<u>493,123</u>
Total deposits with financial institutions	<u>\$756,995</u>

All deposits categorized as uncollateralized are the property of the Village of Akron.

The amount of uncollateralized deposits throughout the fiscal year did not significantly exceed the amount of uncollateralized deposits at March 31, 2006.
(CONTINUED)

VILLAGE OF AKRON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 3 – LONG-TERM DEBT:

The Village of Akron purchased a commercial fire pumper in the amount of \$158,124 on March 29, 1999. The Village of Akron helped finance this purchase with a note payable in the amount of \$99,999 from a local bank. The note is secured by the commercial fire pumper. The note terms are annual installments on May 15, in the amount of \$17,500 including interest. The note carries a fixed interest rate of 5.25% per annum. The principal balance of the note as of March 31, 2006 was \$16,044.

Maturity of debt as follows:

<u>YEAR ENDING</u> <u>MARCH 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$16,044	\$842	\$16,886
	<u>\$16,044</u>	<u>\$842</u>	<u>\$16,886</u>

The Village of Akron drilled and tested a new water well. To help finance the project the Village obtained a loan from Chemical Bank and Trust Company. Following is a payment schedule and the terms of the note.

<u>YEARS ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$ 6,713	\$ 2,645	\$ 9,358
2008	6,999	2,359	9,358
2009	7,295	2,063	9,358
2010	7,611	1,747	9,358
2011	7,937	1,421	9,358
2012 – 2014	<u>25,266</u>	<u>2,166</u>	<u>27,432</u>
	<u>\$61,821</u>	<u>\$12,401</u>	<u>\$74,222</u>

Payment of the note is due in annual installments of \$9,358 including interest of 4.24% per annum. The note matures on November 1, 2013.

NOTE 4 - CONTINGENT LIABILITY:

The Village is a reimbursing employer for purposes of unemployment insurance claims against the Village. The Village reimburses the State of Michigan for all benefits charged against it in the event of termination of employment and subsequent claims of its employees. The contingent liability for unemployment insurance claims is not recognized in the accompanying financial statements. This expense is recognized as incurred.

NOTE 5 - RISK MANAGEMENT:

General Liability:

Village of Akron participates in the Michigan Municipal Liability and Property Pool, which is a public entity risk pool, for the coverage of significant losses due to its general liability. The participation in the pool constitutes transfer of the risk for significant losses to the pool with a coverage limit of \$786,908 for real and personal property losses and \$2 million for liability losses. Village of Akron is required to pay annual premiums to the Michigan Municipal Liability and Property Pool for the liability coverage. No supplemental premium assessment is required by the Michigan Municipal Liability and Property Pool. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

VILLAGE OF AKRON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 5 - RISK MANAGEMENT: (CONTINUED)

Worker's Compensation:

Village of Akron participates in the Michigan Municipal Liability and Property Pool, which is a public entity risk pool for the coverage of losses related to worker's compensation claims. The participation in the pool constitutes transfer of the risk for significant losses to the pool with a coverage limit of \$500,000. No supplemental premium assessment is required by the Michigan Municipal Liability and Property Pool. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Employee Health Care:

Village of Akron purchased commercial insurance coverage for its employee and dependents.

NOTE 6 - PRIOR PERIOD ADJUSTMENT:

Governmental Activities:

The Village of Akron, The Village of Fairgrove, and Fairgrove Township joined together to form a police department. The police department provided public safety for the Villages and the Township. The Village of Fairgrove along with Fairgrove Township decided to terminate their agreement with the Village of Akron during the prior fiscal year. The prior period adjustment is a result of the police vehicle that the Village of Akron retained and purchased the Village of Fairgrove's and Fairgrove Township's book value in the police vehicle.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF AKRON, MICHIGAN

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUE:				
Taxes:				
Current property taxes	\$ 75,698	\$ 75,698	\$ 68,778	\$ (6,920)
Intergovernmental:				
State revenue sharing	44,000	44,000	50,911	6,911
Charges for services:				
Garbage service	27,324	27,324	23,701	(3,623)
Penalties and interest	700	700	449	(251)
Total charges for services	<u>28,024</u>	<u>28,024</u>	<u>24,150</u>	<u>(3,874)</u>
Miscellaneous:				
Interest income	2,000	2,000	1,513	(487)
Miscellaneous	5,700	5,700	15,392	9,692
Total miscellaneous	<u>7,700</u>	<u>7,700</u>	<u>16,905</u>	<u>9,205</u>
TOTAL REVENUE	<u>155,422</u>	<u>155,422</u>	<u>160,744</u>	<u>5,322</u>
EXPENDITURES:				
Administration:				
Salaries-Elected officials	23,000	23,000	17,986	5,014
Employee benefits	8,245	8,645	1,376	7,269
Printing and supplies	4,700	4,750	1,751	2,999
Accounting and audit fees	2,700	2,700	2,282	418
Contracted services	6,859	6,859	1,570	5,289
Insurance and bonds	7,157	8,157	7,819	338
Legal fees	2,000	2,000	961	1,039
Telephone	600	600	654	(54)
Publishing of legal notices	5,000	5,000	367	4,633
Miscellaneous	1,000	5,635	1,830	3,805
Membership dues	300	300	131	169
Conferences and workshops	100	385	395	(10)
Total administration	<u>61,661</u>	<u>68,031</u>	<u>37,122</u>	<u>30,909</u>

VILLAGE OF AKRON, MICHIGAN

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES: (CONTINUED)				
Buildings and grounds:				
Salaries	2,500	3,150	3,169	(19)
Employee benefits	1,250	1,250	1,924	(674)
Contracted services		525		525
Utilities	4,300	4,300	4,309	(9)
Repairs and maintenance	300	400	494	(94)
Miscellaneous	600	1,130	1,655	(525)
Insurance	1,000	1,000	656	344
Supplies	500	900	1,335	(435)
Total buildings and grounds	<u>10,450</u>	<u>12,655</u>	<u>13,542</u>	<u>(887)</u>
Public safety:				
Fire department	7,400	7,400	7,271	129
Police department	<u>24,472</u>	<u>24,472</u>	<u>24,472</u>	<u>-</u>
Total public safety	<u>31,872</u>	<u>31,872</u>	<u>31,743</u>	<u>129</u>
Public works department:				
Salaries	9,100	9,100	5,382	3,718
Employee benefits	3,500	3,500	3,268	232
Street lighting	15,000	15,000	13,128	1,872
Equipment rental	6,100	7,500	7,279	221
Christmas decorations	200	200	45	155
Contracted services	200	2,900	2,192	708
Parking lot maintenance	-	17,000	16,650	350
Tools and supplies	1,500	1,500	267	1,233
Miscellaneous	<u>1,200</u>	<u>1,500</u>	<u>377</u>	<u>1,123</u>
Total public works department	<u>36,800</u>	<u>58,200</u>	<u>48,588</u>	<u>9,612</u>
Park department:				
Salaries	4,500	7,425	6,653	772
Employee benefits	2,500	2,500	4,039	(1,539)
Utilities	1,500	1,500	1,540	(40)
Repairs and maintenance	500	500	19	481
Equipment rental	5,000	12,900	12,965	(65)
Insurance	300	300	39	261
Materials and supplies	<u>1,400</u>	<u>1,650</u>	<u>1,064</u>	<u>586</u>
Total park department	<u>15,700</u>	<u>26,775</u>	<u>26,319</u>	<u>456</u>

VILLAGE OF AKRON, MICHIGAN

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>
EXPENDITURES: (CONTINUED)				(UNFAVORABLE)
Sanitation:				
Contracted services-garbage	<u>20,141</u>	<u>20,141</u>	<u>20,141</u>	<u>-</u>
Capital outlay:				
Administration	500	500	3,375	(2,875)
Buildings and grounds	2,000	2,000	-	2,000
Public works	750	750	-	750
Park department	<u>5,200</u>	<u>5,200</u>	<u>-</u>	<u>5,200</u>
Total capital outlay	<u>8,450</u>	<u>8,450</u>	<u>3,375</u>	<u>5,075</u>
TOTAL EXPENDITURES	<u>185,074</u>	<u>226,124</u>	<u>180,830</u>	<u>45,294</u>
EXCESS OF REVENUE (UNDER)				
OVER EXPENDITURES	<u>(29,652)</u>	<u>(70,702)</u>	<u>(20,086)</u>	<u>50,616</u>
FUND BALANCE - APRIL 1	124,301	124,301	124,301	
FUND BALANCE - MARCH 31	<u>\$ 94,649</u>	<u>\$ 53,599</u>	<u>\$ 104,215</u>	<u>\$ 50,616</u>

VILLAGE OF AKRON, MICHIGAN

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MAJOR STREET FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUE:				
Intergovernmental:				
County - Road improvement	\$ 7,500	\$ 7,500	\$ -	\$ (7,500)
Gas and weight tax	27,000	27,000	30,094	3,094
Miscellaneous:				
Interest income	2,500	2,500	4,344	1,844
Miscellaneous	200	200	-	(200)
TOTAL REVENUE	<u>37,200</u>	<u>37,200</u>	<u>34,438</u>	<u>(2,762)</u>
EXPENDITURES:				
Construction	2,525	2,910	358	2,552
Routine maintenance	4,200	5,027	4,911	116
Traffic services	1,400	2,082	1,164	918
Winter maintenance	2,700	2,700	1,462	1,238
Administrative	1,650	1,650	1,409	241
TOTAL EXPENDITURES	<u>12,475</u>	<u>14,369</u>	<u>9,304</u>	<u>5,065</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>24,725</u>	<u>22,831</u>	<u>25,134</u>	<u>2,303</u>
OTHER FINANCING (USES):				
Operating transfers out	(6,750)	(7,523)	(7,523)	-
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER USES	<u>17,975</u>	<u>15,308</u>	<u>17,611</u>	<u>2,303</u>
FUND BALANCE - APRIL 1	231,135	231,135	231,135	
FUND BALANCE - MARCH 31	<u>\$ 249,110</u>	<u>\$ 246,443</u>	<u>\$ 248,746</u>	<u>\$ 2,303</u>

VILLAGE OF AKRON, MICHIGAN

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - LOCAL STREET FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUE:				
Intergovernmental:				
Gas and weight tax	\$ 8,300	\$ 8,300	\$ 9,804	\$ 1,504
Voted bridge tax	1,500	1,500	-	(1,500)
Miscellaneous:				
Interest income	1,500	1,500	1,948	448
TOTAL REVENUE	<u>11,300</u>	<u>11,300</u>	<u>11,752</u>	<u>452</u>
EXPENDITURES:				
Construction	10,000	10,000	409	9,591
Routine maintenance	5,100	19,554	18,422	1,132
Traffic services	350	2,124	900	1,224
Winter maintenance	3,750	3,750	1,763	1,987
Administrative	775	775	485	290
TOTAL EXPENDITURES	<u>19,975</u>	<u>36,203</u>	<u>21,979</u>	<u>14,224</u>
EXCESS OF REVENUE				
(UNDER) EXPENDITURES	<u>(8,675)</u>	<u>(24,903)</u>	<u>(10,227)</u>	<u>14,676</u>
OTHER FINANCING SOURCES:				
Operating transfers in	6,750	7,523	7,523	-
EXCESS OF REVENUE AND OTHER				
SOURCES (UNDER) EXPENDITURES	<u>(1,925)</u>	<u>(17,380)</u>	<u>(2,704)</u>	<u>14,676</u>
FUND BALANCE - APRIL 1	116,278	116,278	116,278	
FUND BALANCE - MARCH 31	<u>\$ 114,353</u>	<u>\$ 98,898</u>	<u>\$ 113,574</u>	<u>\$ 14,676</u>

VILLAGE OF AKRON, MICHIGAN

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - POLICE FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUE:				
Protection				
Police protection	\$ 35,227	\$ 35,227	\$ 35,227	
Fines and fees	4,000	4,000	2,056	\$ (1,944)
Total protection	<u>39,227</u>	<u>39,227</u>	<u>37,283</u>	<u>(1,944)</u>
Miscellaneous:				
Miscellaneous income	-	-	791	791
Interest earnings	-	-	349	349
Total miscellaneous			1,140	1,140
TOTAL REVENUE	<u>39,227</u>	<u>39,227</u>	<u>38,423</u>	<u>(804)</u>
EXPENDITURES:				
Salaries and wages	21,750	21,750	21,630	120
Employee benefits	2,357	2,357	1,672	685
Office supplies	750	1,398	1,997	(599)
Administrative fees	200	300	220	80
Education and training	300	300	45	255
Gas and oil	2,800	2,800	2,017	783
Professional fees	350	450	380	70
Insurance	4,600	4,600	2,839	1,761
Utilities	300	1,100	1,012	88
Police car maintenance	300	400	299	101
Equity payment to other Gov't unit		10,388	10,387	1
Miscellaneous	1,520	2,572	777	1,795
Capital outlay	-	8,060	8,060	-
TOTAL EXPENDITURES	<u>35,227</u>	<u>56,475</u>	<u>51,335</u>	<u>5,140</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>4,000</u>	<u>(17,248)</u>	<u>(12,912)</u>	<u>4,336</u>
FUND BALANCE - APRIL 1	15,971	15,971	15,971	
FUND BALANCE - MARCH 31	<u>\$ 19,971</u>	<u>\$ (1,277)</u>	<u>\$ 3,059</u>	<u>\$ 4,336</u>

VILLAGE OF AKRON, MICHIGAN

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - FIRE FUND FOR THE YEAR ENDED MARCH 31, 2006

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUE:				
Fire runs and protection	\$ 31,100	\$ 31,100	\$ 55,580	\$ 24,480
Miscellaneous:				
Miscellaneous income	-	-	2,628	2,628
Interest income	-	-	864	864
Total Miscellaneous			3,492	3,492
TOTAL REVENUE	<u>31,100</u>	<u>31,100</u>	<u>59,072</u>	<u>27,972</u>
EXPENDITURES:				
Firemen's pay	10,500	10,500	10,511	(11)
Employee benefits	800	800	804	(4)
Supplies	800	2,000	1,902	98
Professional fees	500	700	638	62
Education and training	1,000	1,000	760	240
Gas and oil	2,000	2,000	1,205	795
Insurance	4,700	4,700	3,050	1,650
Utilities	900	900	1,012	(112)
Repairs and maintenance	3,500	4,500	4,145	355
Miscellaneous	600	600	364	236
Memberships and dues	150	150	125	25
Capital outlay	4,600	4,600	2,800	1,800
Debt service	17,500	17,500	17,500	
TOTAL EXPENDITURES	<u>47,550</u>	<u>49,950</u>	<u>44,816</u>	<u>5,134</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(16,450)</u>	<u>(18,850)</u>	<u>14,256</u>	<u>33,106</u>
FUND BALANCE - APRIL 1	37,171	37,171	37,171	
FUND BALANCE - MARCH 31	<u>\$ 20,721</u>	<u>\$ 18,321</u>	<u>\$ 51,427</u>	<u>\$ 33,106</u>



WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

July 6, 2006

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To the Honorable Village Council
Village of Akron
Akron, Michigan

This letter is intended to inform the Village Council of the Village of Akron about significant matters related to the conduct of the annual audit so that it can appropriately discharge its oversight responsibility, and that we comply with our professional responsibilities to the Village Council.

The following summarizes various matters which must be communicated to you under U.S. generally accepted auditing standards.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Village of Akron. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based on management's current knowledge. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgment about accounting estimates, and we considered this information in the scope of our audit. These estimates are relatively insignificant in relation to the financial statements taken as a whole.

Audit Adjustments

There were audit adjustments made to the original trial balance presented to us to begin our audit. In our judgment, the adjustments we proposed, either individually or in the aggregate, are not considered to have a significant effect on the Village's financial reporting process.

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WEINLANDER FITZHUGH

Honorable Village Council
Village of Akron
July 6, 2006
Page 2

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultation with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing related matters.

Major Issues Discussed with Management Prior to Retention

No major issues were discussed with management prior to our retention to perform the aforementioned audit.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in the performance of our audit.

Other Matters

Adoption and Monitoring of Operating Budgets

Budgets are required to be adopted before the beginning of the fiscal year for the General Fund and all special revenue funds. Amendments are allowed and required throughout the fiscal year as the Council monitor's financial activity. It was noted that the final amended budget for the Fire Fund reflected expenditures exceeding current revenues and fund equity. As a result, the Council adopted an amended budget that reflected a budgeted deficit fund balance in the Fire Fund. We recommend the Council closely monitor the budget adoption and amendment process in order to comply with the State uniform budgeting act.



WEINLANDER FITZHUGH

Honorable Village Council
Village of Akron
July 6, 2006
Page 3

Closing

We will be pleased to respond to any questions you have about the foregoing.
We appreciate the opportunity to continue to be of service to the Village of Akron.

This report is intended solely for the information of the Village Council, management, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Weinlander Fitzhugh